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Attachment

Summary of Local Government Fiscal Responsibility Act Process

- Step One: If one or more conditions indicative of a local government financial problem exist, the State Treasurer must conduct a preliminary review, after providing the unit of local government with specific written notification of the review and after meeting with officials from the unit of local government.
- Step Two: The State Treasurer must inform the Governor within 30 days of commencement of the preliminary review whether or not a serious financial problem may exist.
- Step Three: The Governor must appoint a review team if either of the following occurs:
- (a) The governing body of the local government, by resolution, requests assistance in meeting the ordinary needs of government.
 - (b) The State Treasurer informs the Governor that a preliminary review has been conducted and one or more conditions indicative of a serious financial problem may exist.
- A review team consists of the State Treasurer (or the State Treasurer's designee), the Auditor General (or the Auditor General's designee), a nominee of the Senate Majority Leader, a nominee of the Speaker of the House of Representatives, and any other State officials, or other persons with relevant professional experience selected by the Governor.
- Step Four: Unless an earlier date is specified by the Governor, or the Governor grants a 30-day extension, the review team must report to the Governor within 60 days of its appointment and reach one of the following conclusions:
- (a) A serious financial problem does not exist in the local government.
 - (b) A serious financial problem exists in the local government, but a consent agreement containing a plan to resolve the problem has been adopted.
 - (c) A local government financial emergency exists because no satisfactory plan exists to resolve the serious financial problem.
- Step Five: With 30 days after receipt of the review team report, the Governor must make one of the following determinations:
- (a) A serious financial problem does not exist in the local government.

(b) A serious financial problem exists in the local government, but a consent agreement containing a plan to resolve the problem has been adopted.

(c) A local government financial emergency exists because no satisfactory plan exists to resolve the serious financial problem.

Step Six:

If the Governor determines that a local government financial emergency exists, the Governor must provide written notification to the chief administrative officer of the unit of local government who may request, within 10 days after receiving the notice, a hearing conducted by the Governor or the Governor's designee.

Step Seven:

After the hearing or, if no hearing was requested, after expiration of the opportunity for a hearing, the Governor must either confirm or revokes the determination of a local government financial emergency.

Step Eight:

A local government can appeal the Governor's determination to circuit court which may set aside the Governor's determination only if it finds that the determination is either:

(a) Not supported by competent, material, and substantial evidence on the whole record.

(b) Arbitrary, capricious, or clearly an abuse or unwarranted exercise of discretion.

Step Nine:

If the Governor confirms the determination of a local government financial emergency, the Governor assigns responsibility for managing the local government financial emergency to the Local Emergency Financial Assistance Loan Board.

Step Ten:

The Local Emergency Financial Assistance Loan Board must appoint an emergency financial manager, who serves at the pleasure of the Local Emergency Financial Assistance Loan Board.

Step Eleven:

The emergency financial manager, in consultation with the unit of local government, must develop a written financial plan.

In addition to other powers granted to an emergency financial manager, and after notice to the Local Emergency Financial Assistance Loan Board, an emergency financial manager may authorize the unit of local government to proceed under federal bankruptcy provisions.

Step Twelve

The Governor may determine that the conditions for revoking a declaration of financial emergency have been met after receiving a recommendation from the Local Emergency Financial Assistance Loan Board.